

M/001/0027
Task 2998
CCL Tom

0002

Application for Site and/or Bond Release

Operator/Permittee: <u>BASIN PERLITE COMPANY</u>	
Mine/Project Name: <u>PEARL QUEEN PERLITE MINE</u>	
File Number: <u>M 001 0027</u>	
Check One: <input checked="" type="checkbox"/> Large Mine <input type="checkbox"/> Small Mine <input type="checkbox"/> Exploration	
Check one: <input type="checkbox"/> Partial Release of a <u>portion</u> of the mine site: Acres to be released: _____ Acres Remaining: _____ Specify Area: _____	
<input checked="" type="checkbox"/> Full Release of a <u>portion</u> of the mine site: Acres to be released: <u>10.2</u> Specify Area: <u>PEARL QUEEN PIT RE-SEED AREA</u> (A new map will need to be provided for the Notice or plan removing the released area from the disturbed or bonded area.)	
<input type="checkbox"/> Partial Release of entire mine site: Total Acres to be released: _____ (Backfilling and grading are completed)	
<input type="checkbox"/> Full Release of entire mine site: Total Acres to be released: _____ (Vegetation is established and has survived three growing seasons.)	
Amount of Existing Surety: <u>~ \$79,000</u>	
Amount of Surety requested for release: <u>\$12,200</u>	
Reason for Bond Release Request: <u>AREA RE-SEEDED AS PER STATE REQUEST.</u>	
Complete this section if the money released from this application is to be used as surety for future disturbance. Release bond on: _____ Acres (specify area) _____ Apply Bond to: _____ Acres (specify area) _____	
Check Applicable Boxes	DESCRIPTION of RECLAMATION ACTIVITIES COMPLETED (Describe any variance(s) that have been granted, date activity completed)
<input type="checkbox"/> Wells Plugged / shafts sealed	
<input type="checkbox"/> Disposal of debris & other materials incident to mining	

RECEIVED

	Drainages, reestablished & stable	
	Structures demolished / removed	
	Regrading Completed – Slopes, pits, highwalls in stable condition	
	Meets Postmining Land Use (Indicate Landuse)	
	Roads Reclaimed	
	Dams, Impoundments, Ditches, Pits reclaimed	
	Topsoil respread – amendments added	
	Erosion Controlled	
✓	Vegetation meets 70% of premining cover and has survived three years for full bond release – or has survived one year growing season to maintain small mine status.	RE-SEED OF 10.2 ACRES OF PEARL QUEEN PIT (RECL. REPORT BY N.A. EXPLORATION ATTACHED)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

BRIAN T. DOLAN
Print Name

Brian T. Dolan, Director
Sign Name, Position
28 MAY 2009
Date

ATTN: TOM MUNSON

Return to:

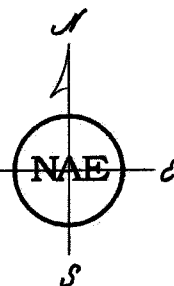
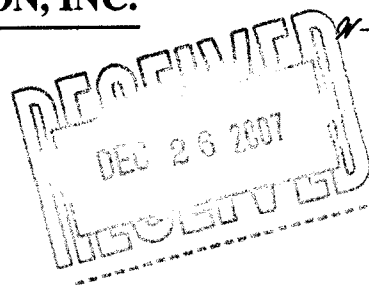
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5291 Fax: (801) 359-3940

FOR DOGM USE ONLY:	
File #:	M/ /
Approved:	
Bond Adjustment: from (\$)	
to \$	

O:\FORMS\Bonding Forms\Bond-Release\site-bond-release-applic.doc

NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



December 20, 2007

Mr. Tim L. Mosey
Basin Perlite Company
% Resource Capital Fund
1400 16th Street, Suite 200
Denver, CO 80202

Dear Tim,

Here is the report on the reclamation of the Pearl Queen Pit. We are also sending a copy to Mr. to Munson of the Utah Division of Oil, Gas and Mining, and Mr. Dick Rollins, who did the work.

Thank you for the work. The seeds are all under snow now. We hope for a wet winter and good growing season so we can see those seeds grow!

Best regards,

O. Jay Gatten

OJG/tmg

Encls.

Cc: Correspondence (no encls)
Project (w/encls)
Tom Munson – DOGM (w/encls)
Dick Rollins – Rollins Construction (w/encls)

RECEIVED

JUN 01 2009

DIV. OF OIL, GAS & MINING

PEARL QUEEN PERLITE PIT
RECLAMATION STATUS

PREPARED FOR:

MR. TIM L. MOSEY
BASIN PERLITE COMPANY
C/O RESOURCE CAPITAL FUND
1400 16TH STREET, SUITE 200
DENVER, CO 80202
720/946-1444

PREPARED BY:

O. JAY GATTEN
AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGIST #4584
UTAH PROFESSIONAL GEOLOGIST #5222768-2250

NORTH AMERICAN EXPLORATION, INC.
447 NORTH 300 WEST, SUITE 3
KAYSVILLE, UTAH 84037
801/544-3421

DECEMBER 12, 2007

1. INTRODUCTION

Basin Perlite Company, a wholly owned subsidiary of Resource Capital Fund, operated an open-pit perlite mine under Utah Division of Oil, Gas and Mining (DOGM) Large Mine Permit M/001/027. The pit is located in the SE quarter of section 2, T27S-R9W, SLBM, about 12 miles northeasterly of Milford, Utah. This land is owned by the state and was mined under Metalliferous Lease ML 3092.

The Large Mine Permit covers the following areas (Exhibit A).

<u>Area</u>	<u>Acreage</u>
1. Pearl Queen Pit	20.55
2. Schoo Pit	12.10
3. Haul Road	<u>1.20</u>
TOTAL	33.85

This report relates only to work done on the Pearl Queen Pit. Work was done by Rollin's Construction Company (Dick Rollins), Box 249, 1842 South Highway 21, Milford, Utah 84751, 435/387-2175. The work was managed by O. Jay Gatten of North American Exploration, Inc., 447 North 300 West, Suite 3, Kaysville, Utah 84037, 801/544-3421. Work was authorized by Tim Mosey of Resource Capital Fund, 1400 16th Street, Suite 200, Denver Colorado 80202, 720/946-1444.

2. SITE PREPARATION- 2006

Work was done during a period of unusually dry and mild winter weather and there was no snow cover. The area was graded and contoured to less than 2.0:1 (horizontal: vertical) slopes. In this process almost all of the existing weed cover was removed. A portion of a waste disposal area north of the pit and the access road were not reclaimed at that time. The road was left intact until it is determined that seeding in the pit is successful. The road and the remainder of the waste disposal area will then be reclaimed.

A variance has been granted in that the reclaimed slope in the waste disposal area can be 60 degrees or less, which conforms to the adjoining steep hillsides.

This work was done with a D-8 dozer and a track hoe between the period of January 9 to January 14, 2006. The site was inspected by Tom Munson of the DOGM on January 12, 2006. He verbally approved the slopes but requested that the ground be furrowed and "roughed up" prior to seeding. The area reclaimed was about 10.2 acres in size (Exhibit B).

3. SEED BED PREPARATION- 2006

This consisted of three phases of work.

3.1 Topsoil Redistribution

Topsoil from existing stockpiles was redistributed over the 10.2 acres of land that have been disturbed. This work was done with a dozer and there was generally less than 6 inches of topsoil on the graded surface.

3.2 Perlite Rubble Amendment

The perlite rubble was amended using the DOGM recommended amount of at least 5 tons of composted manure per acre. A total of about 70 tons of manure were hauled by truck and then spread with a dozer. Soil and amended perlite overburden was spread over the 10.2 acre area to the depth of about 12 inches (Exhibit B).

3.3 Seed Bed Preparation

The ground was furrowed and "roughed up" in preparation for seeding. The dozer ripped parallel to the contour to a depth of 2 to 3 feet. In addition a track hoe was brought in and used to prepare the steeper southwest part of the pit. The result was a base of at least 2 feet of broken

perlite overburden for the soil and amended perlite rubble. Piles of grubbed vegetation were moved on to furrowed land and then the land that had been beneath the piles was furrowed. This work was done between January 16 to January 18, 2006.

4. SEEDING- 2006

4.1 Seed Mix

Seeding was accomplished using the mix recommended by the DOGM (Exhibit C). This is a total of 11.5 pounds of seed per acre. In addition the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). This was done and a total of 200 pounds of seed was purchased (Exhibit D) and planted. This seed mix was based on a soil analysis (Exhibit E).

4.2 Seeding

Seeds were planted with a "4-wheeler" ATV and a planter in the flatter areas. Seeds were broadcast planted by hand on the steeper slopes. There was about 4 inches of snow on the property and it had drifted, resulting in snow cover from 0 to 18 inches. Seeding was done on January 20, 2006.

5. SEEDING RESULTS

The planting in early 2006 was followed by two extremely dry years and the approved seeds did not germinate and grow. Extremely dry conditions resulted in extensive range and brush land fires during the summer of 2007, which burned off almost all of the Mineral Range. This fire burned all around the pit, but not within the pit itself. Tom Munson of the Utah Division of Oil, Gas & Mining visited the site and determined that the planting was unsuccessful.

6.0 SEED BED PREPARATION

- 6.1 Follow up work was done by Rollin's Construction Company, the same company that had done the initial reclamation work in early 2006. The work was done with a D-8 dozer between December 3 and December 6, 2007.
- 6.2 The dozer ripped parallel to the contour to a depth of 2 to 3 feet. The result was at least 2 feet of broken perlite overburden mixed with soil and amended perlite rubble. Piles of grubbed vegetation (primarily juniper trees) were redistributed on the furrowed ground.

7.0 SEEDING

7.1 Seed Mix


Seeding was done using the mix recommended by the DOGM (Exhibit C). Required application was at least 11.5 pounds of seed per acre and the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). A total of 200 pounds of seed was purchased for the 10.2 acres of land to be seeded.

7.2 Seeding

Seeds were broadcast behind the dozer that was ripping the ground to prepare for seeding. Prior to planting, a storm had just laid down about 3 inches of moisture and about 1 to 2 inches of snow was on the ground. The planting was done from December 3 to 6, 2007. Immediately after the seeding, another storm occurred which put down several inches of snow in the reclamation area. Tom Munson, of the Utah DOGM, was telephoned before and after this reclamation work but he did not physically inspect the site during this work.

8. CERTIFICATION

I, O. Jay Gatten, certify that the above reclamation work was done to the best of my knowledge. I further state that the work was done according to the reclamation practices specified in Utah Large Mine Permit M/001/027. I have no ownership and do not contemplate any ownership, in Resource Capital Fund or Rollins Construction Company.



O. Jay Gatten

Certified Professional Geologist #4584

Utah Professional Geologist #5222768-2250

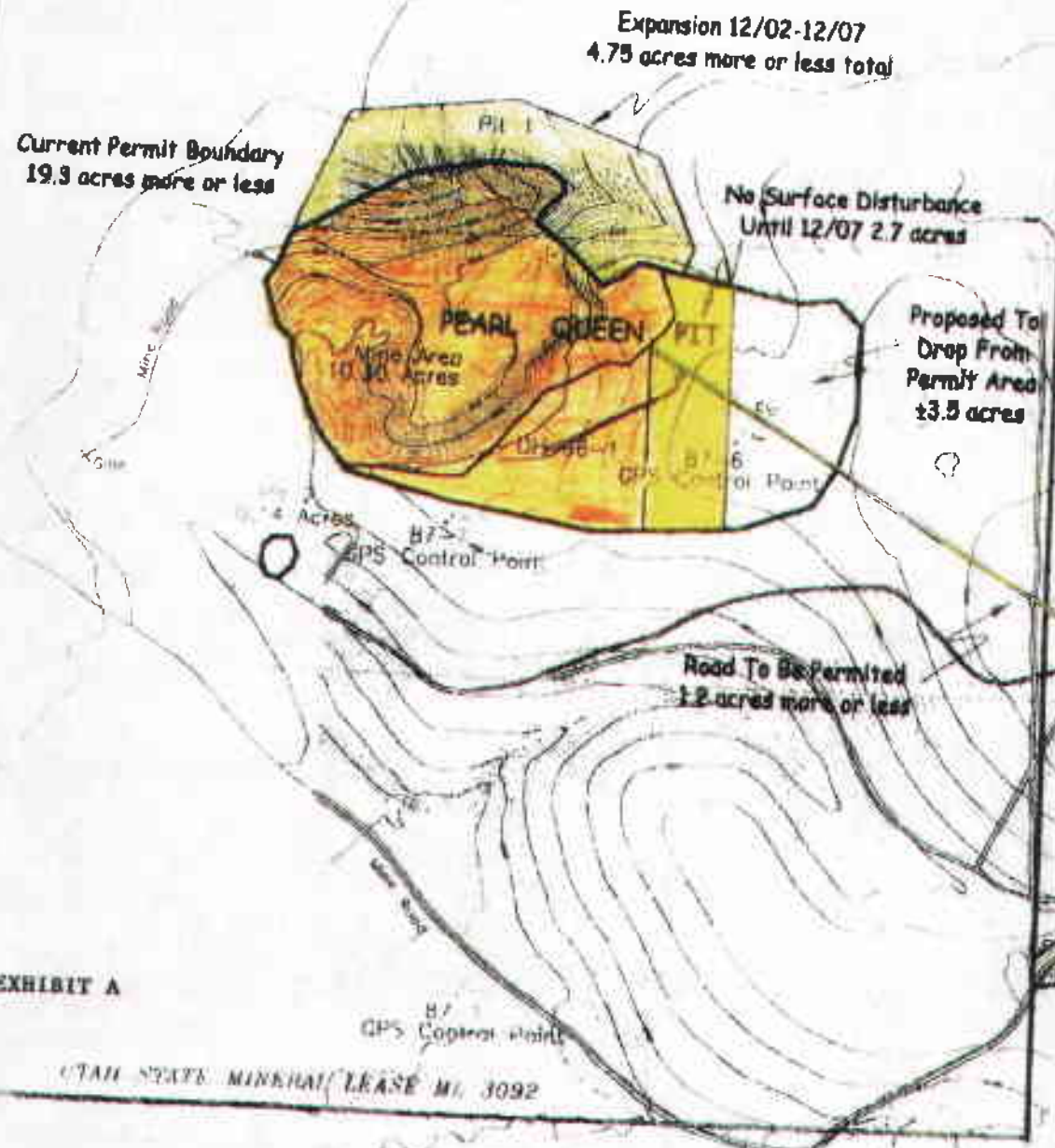
BASIN PERLITE COMPANY
SURFACE FACILITIES N/A
PEARL QUEEN MINE
PERMIT M/001/077
BEAVER COUNTY, UTAH
12/5 R9W

DECEMBER 2002
SCALE 1" = 400'

EXHIBIT A

SEC 2

SEC 1



Road To Be Constructed

Road To Be Permitted
±2 acres more or less

No Surface Disturbance
Until 12/07
0.44 acres

SCHOOL PIT
4.85 Acres

Expansion
7.24 acres more or less

EXHIBIT A

UTAH STATE MINERAL LEASE M. 3092

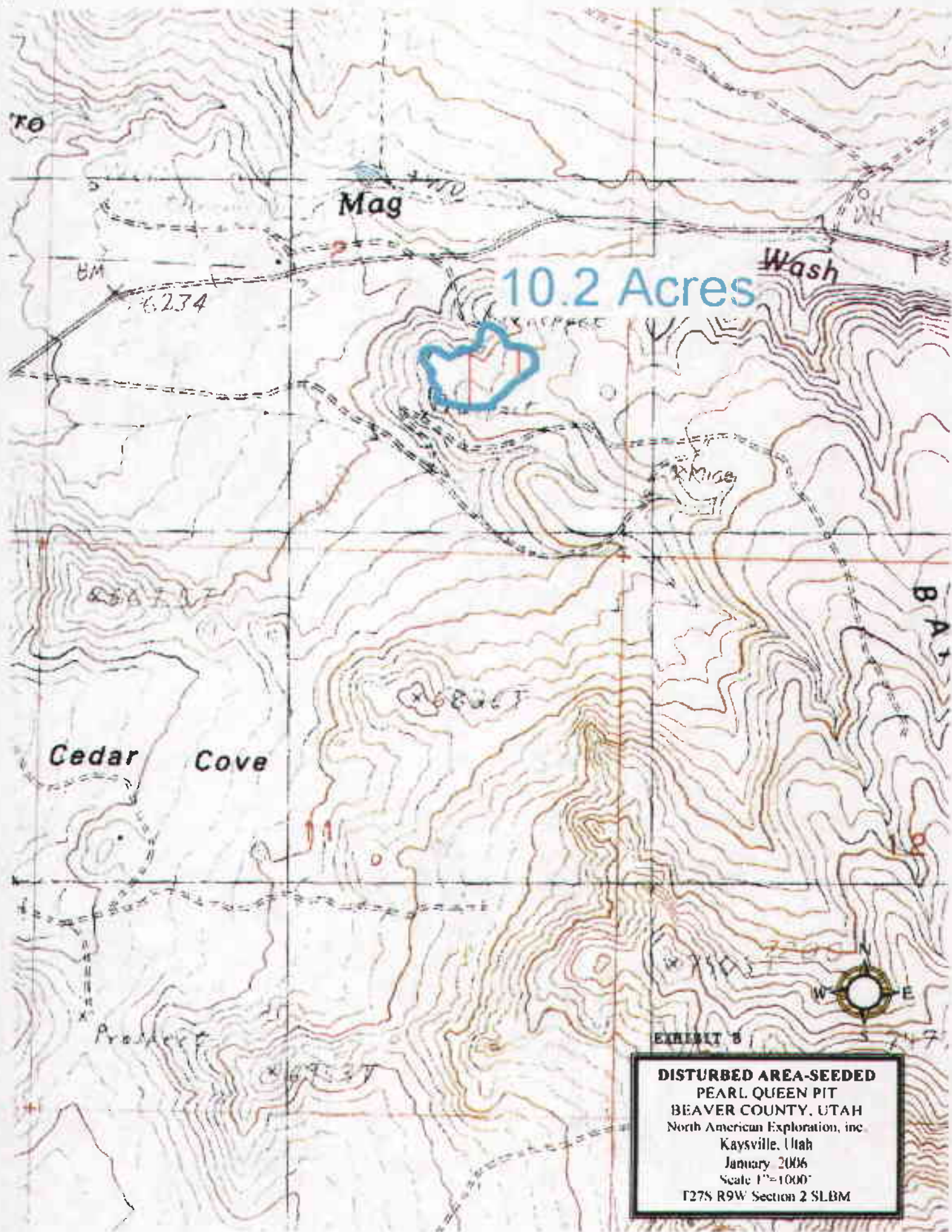


EXHIBIT 8

DISTURBED AREA-SEEDED
PEARL QUEEN PIT
BEAVER COUNTY, UTAH
North American Exploration, inc
Kaysville, Utah
January 2006
Scale 1"=1000'
T27S R9W Section 2 SLBM

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

Recommended seed mix for Basin Perlite

M/001/027

Prepared by Oil, Gas and Mining February 24, 2002

Species	Pounds Pure Live Seed/Acre
Bluebunch Wheatgrass	2
Sandberg Bluegrass	0.5
Indian Ricegrass	2
Thickspike Wheatgrass	1
Palmer Penstemon	0.25
Small Burnet	1
Northern Sweetvetch	0.5
Wyoming Big Sage	0.25
Fourwing Saltbush	1
Cliffrose	1
Bitterbrush	1
Curlleaf Mountain Mahogany	1

Total 11.5

use + 50% of recommended seeds
per acre (section 110.4 - first TP)

EXHIBIT C



THE MAPLE LEAF CO.
SEED DIVISION

450 South 50 East
Ephraim, UT 84627

Invoice

Date	Invoice #
12/5/2007	20671

Bill To
Rollins Construction & Trucking 1842 South Highway 21 P.O. Box 249 Milford, Utah 84751

Ship To
435,367.2202

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project	Reference
Dick			12/9/2007				
Qty	Description	Lot #	Price Each	Amount			
200	Custom Seed Mix, Mix for BLM		11.75	2,350.00			
1	Shipping Charges, Common Carrier - Old Dominion freight		78.00	78.00			
	Sales Tax		6.25%	146.88			
Total				\$2,574.88			

Discounts on early payment terms do not apply to shipping charges.

EXHIBIT D

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APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

REPORT OF ANALYSIS

North American Exploration
Attn: Danny Gatten
472 North Main
Kaysville, Utah 84037

August 20, 1996
Project# 96-499

1 sample for Miscellaneous analysis

ANALYTE	UNITS	Sample #1 Lab # 55306
Texture	---	sandy
pH	---	7.97*
Conductivity	---	1360*
SAR	μmhos/cm	0.200
Saturation %	%	1.30
Percent Organic Matter	%	2.20
Alkalinity	μg HCO ₃ /ml	691*
Cation Exchange Capacity	meq/100g	19.3
CaCO ₃	%	2.36
Sulfur (Acid Potential)	%	0.03
Selenium	ppm	< 10
Total Nitrogen	%	0.27
Nitrate Nitrogen	%	< 0.04
Phosphorus (as P ₂ O ₅)	%	0.19
Potassium (as K ₂ O)	%	1.03

* - from saturated extract


Kyle Schick, General Manager

EXHIBIT E

Rollins Construction & Trucking

P.O. Box 40 or 249
1842 South Highway 21
Milford, UT 84751
USA

Voice: 435-387-2451 or 2175
Fax: 435-387-2452

INVOICE

Invoice Number: 13759
Invoice Date: Dec 12, 2007
Page: 1

Duplicate

Bill To:
North American Exploration, INC 447 North 300 West, Suite 3 Kaysville, UT 84037-4203

Ship to:

Customer ID	Customer PO	Payment Terms	
nor04		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
			1/11/08

Quantity	Item	Description	Unit Price	Amount
1.00		Reseed @ Basin Perfite North Pit	7,400.00	7,400.00
Subtotal				7,400.00
Sales Tax				
Total Invoice Amount				7,400.00
Payment/Credit Applied				
TOTAL				7,400.00

Check/Credit Memo No:

Interest will be charged on all invoices over 30 days at 26.99% annual

Peril Queen Pit Re-seeding Photo's

